



December 17, 2002

ADMINISTRATOR'S MESSAGE ON CREATING THE NNSA OF THE FUTURE

This is the formal announcement of our next steps to create the NNSA of the future. Our efforts are designed to implement the President's Management Agenda and create a more effective NNSA by achieving five goals:

- Treating individuals with dignity and respect.
- Streamlining the organization through eliminating one layer of management.
- Providing Site Office Managers with support through the creation of a new Service Center.
- Shifting to a more effective model of oversight.
- Creating a world-class business environment while eliminating duplication and micro-management.

The organizational changes announced today are effective on December 20, 2002. Other aspects will be phased in through the end of fiscal year 2004 (September 30, 2004). These changes do not involve Naval Reactors and do not involve positions at NNSA sites funded by other organizations such as Environmental Management.

ORGANIZATION AND PERSONNEL CHANGES

The Albuquerque Operations Office, Oakland Operations Office, and Nevada Operations Office are formally disestablished effective December 20, 2002.

Existing area offices are renamed as Site Offices and a new Nevada Site Office is hereby established. A Site Office Manager will head each Site Offices and will serve as the formal Contracting Officer for their facility. Site Office Managers will establish their own internal organization tailored to their own considerations; there will be no "standard" Site Office internal structure prescribed by Headquarters. Revised site names and the new leadership are as follows:

Livermore Site Office - - Camille Yuan-Soo Hoo (Mike Hooper, Deputy)
Los Alamos Site Office - - Ralph Erickson (Dennis Martinez, Deputy)
Nevada Site Office - - Kathy Carlson (Maureen Hunemuller, Deputy)
Sandia Site Office - - Karen Boardman (Patty Wagner, Deputy)
Kansas City Site Office - - Beth Sellers (Steve Taylor, Deputy)
Pantex Site Office - - Dan Glenn (Don White, Deputy)

Savannah River Site Office - - Ed Wilmot (Bruce Wilson, Deputy)
Y-12 Site Office - - Bill Brumley (Ted Sherry, Deputy)

Site Office Managers will report directly to the Principal Deputy Administrator when that position is filled. Pending nomination and confirmation of a Principal Deputy, Site Office Managers will report to the NNSA Chief Operating Officer, Tyler Przybylek.

A single NNSA Service Center is established to be located in Albuquerque. A Service Center Director, James Hirahara will head the Service Center with the title, Director, NNSA Service Center. Ken Powers will serve as Principal Deputy. The Service Center will consist of four major components: Technical Services (Ray Corey), Federal Services (Larry Kirkman), Business Services (Frank Baca) and Field Financial Management (David Marks). To ensure the independence and integrity of financial management, David Marks will have a secondary reporting relationship to the Department's Chief Financial Officer. Additional internal organization will be as specified by the Service Center Director. Physical consolidation of the Service Center in Albuquerque will be completed by September 30, 2004.

The decision to establish the NNSA Service Center in a single location, to close the Oakland office, and to convert the Nevada office into a significantly smaller Site Office was intended to ensure NNSA achieves the necessary efficiencies and to preclude the need for another consolidation in the future.

The NNSA Headquarters organization was largely established last October and adjusted to accommodate the addition of DP's Program Integration Organization (PIO) in August. Over the next two years the headquarters organization will be further simplified and reduced. The Offices of Defense Programs, Facilities and Operations, and Management and Administration, along with the immediate Office of the Administrator, will be reduced by about thirty percent. These reductions will be completed by September 30, 2004. The Offices of Defense Nuclear Security and Facilities and Operations will be combined effective July 1, 2003. At that point, the combined office will be renamed the Office of Infrastructure and Security. The Associate Administrator for Infrastructure and Security will assume the position of Chief, Defense Nuclear Security.

The elimination of duplication, adoption of best practices, implementation of the Workload Reduction Initiatives and redressing of the balance between contractors and Federal responsibilities will allow significant reductions in personnel. Overall, the organization will be reduced by approximately twenty percent. Anticipated sizes of the various NNSA elements at standup and on September 30, 2004 are as follows:

| | At standup | On September 30, 2004 |
|---|---------------|--------------------------|
| Headquarters (excluding Nuclear Nonproliferation and Emergency Operations but including Program Integration Office in Albuquerque) | 421 | 292 |

| | At standup | On September 30, 2004 |
|--|---------------|--------------------------|
| NNSA Service Center | 678 | 500 |
| SITE OFFICES | | |
| Kansas City Site Office | 52 | 45 |
| Livermore Site Office | 82 | 80 |
| Los Alamos Site Office | 75 | 95 |
| Pantex Site Office | 75 | 80 |
| Nevada Site Office (includes 12 Emergency Management) | 148 | 92 |
| Sandia Site Office | 63 | 75 |
| Savannah River Site Office | 26 | 20 |
| Y-12 Site Office | 76 | 80 |

Between stand up and the end of January, NNSA managers, both field and headquarters, will prepare managed staffing plans for fiscal years 2003 and 2004 based on these preliminary targets. There will be a detailed review of these staffing plans by the Administrator and other field and headquarters managers. This review may result in minor adjustments to specific control numbers; major changes are not expected. Once staffing plans are approved, individual managers will adjust the work force to support their critical needs as described below. In selecting individuals for Service Center positions, the entire Service Center population from all three former Operations Offices will be eligible; there will be no preference given to those not requiring geographic relocation.

Reductions will be taken through attrition supplemented by incentives. There are no plans for a Reduction in Force, although it is necessary to preserve that option in the unlikely event that accelerated attrition proves ineffective.

IMPROVEMENTS IN PROCEDURES

Over the next two years, NNSA will implement the recommendations of the various Workload Reduction Initiatives and will begin the process of implementing changed contractual relationships where appropriate. We will eliminate duplication, simplify and streamline work processes, review and modify orders and directives, reengineer the program management process, and improve the federal-contractor interface.

To improve organizational discipline and efficiency, each element of the NNSA federal workforce will become ISO9001 certified by December 31, 2004. The process will begin in June 2003.

PEOPLE

NNSA as an institution and all of its leaders are absolutely committed to ensuring that every aspect of our reorganization is conducted in a scrupulously fair manner. All of us at NNSA are committed to both excellence and diversity. We don't see these in conflict; on the contrary, only a diverse organization that draws on the talents of all its members can attain excellence. And only an organization where decisions are made in the open can inspire the kind of self-confidence needed for greatness. Therefore, we are committed to an inclusive, transparent process that is not only fair but is seen as fair.

To secure an open process that is well understood, we will establish clear procedures for selecting individuals for positions in the new organization. These procedures will ensure that all eligible individuals will have an equal opportunity to be considered and that panels making personnel decisions include a diverse set of individuals.

NNSA will establish formal placement activities to assist in finding other employment for those individuals in Oakland, Nevada, Albuquerque and Washington who choose not to re-locate. Where necessary, we will extend this to specific Site Offices that may be reduced in numbers.

The NNSA of the future will remain one in which people are treated with respect, decisions are made in an open and fair manner, and everyone can aspire to rise to the top. To ensure that people are given the maximum flexibility in their daily lives, provided access to training and development, and afforded opportunities to excel, we will establish a Task Force, involving both Washington and the field, to examine what changes in personnel policies, training opportunities, or working conditions should be made throughout NNSA to treat our world-class people in a world-class way. The Task Force will report by April 30, 2003 so that changes can be implemented by the end of fiscal year 2004.

IMPLEMENTATION

A Leadership Coalition headed by the Administrator and consisting of the Deputy Administrators, Associate Administrators, Site Office Managers, Service Center Director, and Principal Deputy Administrator/Chief Operating Officer will be formally established by NNSA Policy Letter and will oversee implementation.

An Office of Implementation, to be headed by Robert DeGrasse, will be created for the duration of the implementation period to manage details. The Office of Implementation will have two major functions:

- Ensure that our implementation of our efforts to eliminate or transfer work out of the Federal system does not stall. The Office of Implementation will identify obstacles for resolution by the Leadership Coalition and the Administrator.

- Manage the formal effort to assist those NNSA employees who seek alternate employment rather than relocate.

Personnel moves will be managed as follows:

- On the effective date of the reorganization, everyone will be at the same desk, and doing the same job, but the reporting lines may change. Operations Office personnel not functionally transferred to Site Offices or Headquarters (i.e., most employees at the former Operations Offices) will be assigned to the Service Center.
- With the approval of the Administrator, hiring and reassignments within NNSA to fill critical needs will continue, but otherwise the hiring and promotion freeze will remain in place.
- NNSA managers will submit draft Managed Staffing Plans by January 10, 2003 and the Administrator will hold a Leadership Coalition meeting during the middle of January for each manager to brief his or her Managed Staffing Plan.
- Minor adjustments to FY 2004 targets will be made at this time. Significant changes are not expected. Final staffing plans will be completed by the end of January.
- For approximately the next six months, we will reassign employees from Headquarters, the sites, and the Service Center through voluntary actions. We hope that most of NNSA's needs can be met through voluntary means.
- After the voluntary reassignment process is exhausted, NNSA will begin directed reassignments from Headquarters, the sites, and the Service Center as necessary to fill the remaining gaps.
- Procedures for both voluntary and directed reassignments will be promulgated by January 2003. These procedures will be developed by the Office of Human Resources in conjunction with the Office of Diversity and Outreach and the NNSA General Counsel to ensure fairness for all employees.
- The pace of both voluntary and directed reassignments will be governed by funding. We will submit a reprogramming request to fund these activities in FY 2003 and our goal is to complete all reassignments by the end of FY 2004.

In addition to monitoring the overall pace of implementation, the Leadership Coalition will conduct a formal review of progress in August and September of 2003. This review will examine the efficacy of the changes that have been implemented and consider any modifications needed to ensure successful implementation of the NNSA re-structuring.

CONCLUDING COMMENTS

The NNSA of the future will build on the successes of the past by giving outstanding people the tools needed for strong and effective management of our vital national security mission. Creating the new NNSA will be challenging, and in some cases traumatic. All of us will need to work together closely to ensure that we craft an effective organization and that we do so while ensuring fair and equitable treatment for the people who work hard every day to promote the security of the United States.

Linton F. Brooks
Acting Administrator